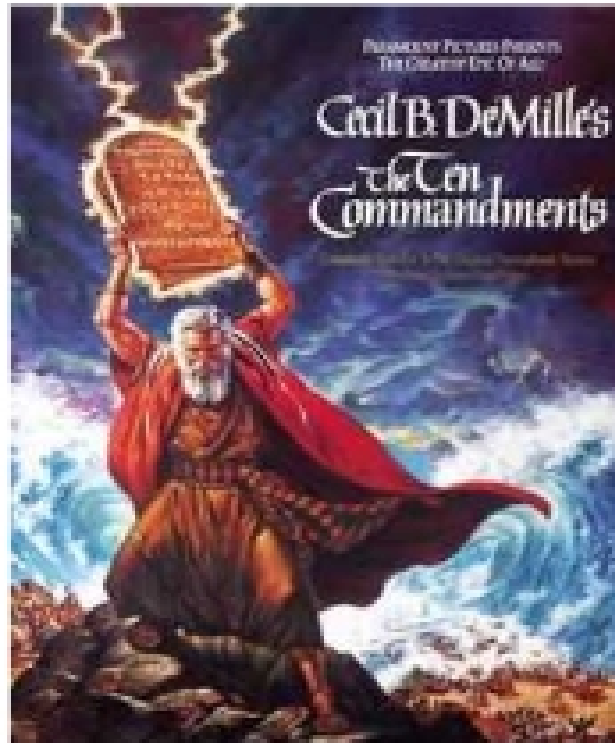


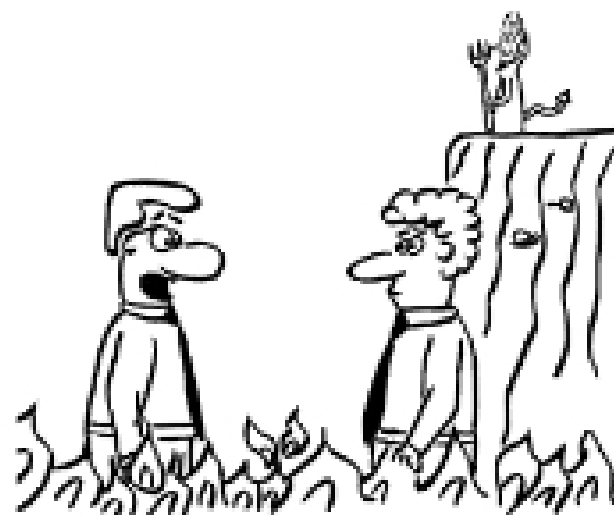
Dr. Michael Conostas CBA 403  
[mconstas@csulb.edu](mailto:mconstas@csulb.edu)  
[www.csulb.edu/~mconstas](http://www.csulb.edu/~mconstas)  
Textbook:  
Managerial Accounting

**ACCOUNTING 310  
COST ACCOUNTING  
Spring 2009**



ACCT 310 focuses on understanding: (i) the methods in which costs are allocated to a firm's product lines, and (ii) the best way to utilize cost information in managing a firm's operations. This emphasis on costs results from the fact that costs tend to be a facet of a firm's operations that may be misrepresented and/or not fully understood.

A firm's decision makers often think of costs and other financial statement figures as being absolute truths. Contrary to what most managers think, however, financial statements are not carved in stone on Mt. Sinai. They are open to interpretation without dire consequences.



"I still say those 10 Commandments are deceptively open to interpretation."

Although firms know the source of their revenues, some of the costs associated with their product lines are less clear. While material and labor costs are easy to determine, it is often difficult to identify the overhead associated with particular products and services. There is no Overhead Meter that produces an accurate measure of the overhead incurred in producing a good or service. As a result, conventions are used to assign overhead to a firm's output. These conventions may or may not be appropriate or provide an accurate measure of how overhead is incurred in different situations. Firms, therefore, may not be using accurate information when making decisions.

Moreover, in different contexts, it may be inappropriate for firms to consider certain costs when making decisions, even if the costs are accurately measured. When decisions are based on inappropriate or inaccurate cost information, they may be less than optimal.

This class is designed to sensitize managers to these issues. This is not a class on bookkeeping. The class reviews cost procedures in order to aid managers in their decision making.

## CATALOG DESCRIPTION

Accounting for and analysis of costs; cost management; use of accounting and cost data for planning and decision making; product costing, activity-based costing (ABC); break-even and cost-volume-profit analysis; budgeting as a tool for profit planning; evaluation of internal control and systems; nonroutine decisions, capital budgeting; continuous improvement (CI); balanced scorecard (BSC); target costing; quality costs; just-in-time (JIT).

## CURRICULUM JUSTIFICATION

The curriculum is designed to teach (1) critical thinking skills through such managerial accounting topics as the role of cost accounting information for management and business strategy development. (2) As for business functions, the course covers topics such as cost accumulation systems for inventory valuation and income determination. (3) For quantitative and technical skills, the course addresses such profit planning tools such as cost-volume-profit analysis and budgeting.

## COURSE OBJECTIVES

**Learning goals – Critical Thinking:** (a) Students will be able to understand the role of accounting information in management decision making and how management accounting contribute to business strategy development. (b) Students will be able to differentiate product vs. period costs, expired vs. unexpired costs, direct vs. indirect costs, and fixed vs. variable costs.

**Learning goals – Business Functions:** (a) Students will be able to use normal costing system to determine overhead application rate, allocate overhead to products and services, and dispose under or over-applied overhead. (b) Students will be able to understand the cost flow in a job order costing system, prepare schedules of cost of goods manufactured, cost of goods sold and present income statement.

**Learning goals – Quantitative and Technical Skills:** (a) Students will be able to conduct break-even and cost-volume-profit analysis for both single and multiple products; and to determine margin of safety and operating leverage. (b) Students will be able to understand the relationship between company strategy and budgets, and prepare master budgets, including cash budget.

COURSE SUBJECT MATTER		
Date	Chapter	Topic
01/28	Ch 6	<u>Cost-Volume-Profit Analysis.</u> A review of the procedures used to determine the sales and production volume necessary to avoid a loss or achieve a specified operating profit.
02/04	Ch 3	<u>Job/Order Costing.</u> A discussion of the methods used to apply costs to custom-made or low-volume products and services. –
02/11	Ch 4	<u>Process Costing.</u> An examination of the manner in which costs are applied to high-volume, standard products and services.
02/18	App 4B	<u>Service Departments.</u> A discussion of the practice of grouping overhead into cost centers, and the methods used to allocate that cost center overhead to a firm's output.
02/25		Midterm No. 1 (Chapters 3,4,4B & 6)
03/04	Ch 5	<u>Cost Behavior.</u> An examination of the manner in which costs are incurred.
03/11	Ch 7	<u>Variable Costing.</u> An examination of the ability to use alternative Income Statement formats to aid in decision making.
03/18	Ch 8	<u>ABC Costing.</u> A review of different methods employed to allocate overhead to a firm's product lines.
	Ch 9	<u>Budgeting.</u> A review of the preparation of budgets and the role that they play in the planning process.
03/25		Midterm No. 2 (Chapters 5,7,8 & 9)
04/01		<u>Spring Break</u>
04/08	Ch 10 & 11	<u>Variances.</u> A review of the procedures used to determine variances from budgeted production costs, and the modification of a firm's accounting system to report such variances.
04/15	Ch 13	<u>Relevant Costing.</u> A discussion of the procedures used to evaluate the profitability of alternative courses of action, and which revenues and costs should be considered in such an evaluation.
04/22	Ch 13	<u>Constraints.</u> Linear Programming.
04/29	Ch 13	<u>Joint Costs.</u> A discussion of the methods of allocating costs to multiple products produced by one process.
05/06	Ch 14	<u>Capital Budgeting.</u> A discussion of different methods that can be employed to evaluate the profitability of potential projects.
05/13		Midterm No. 3 (Chapters 10,11,13, & 14)